

SAFEGUARDS INFORMATION

August 19, 2016

Mr. Randall K. Edington
Executive Vice President and Chief Nuclear Officer
Arizona Public Service Company
Palo Verde Nuclear Generating Station, Units 1, 2, and 3
5801 S. Wintersburg Road
MS 7602
Tonopah, AZ 85354-7529

SUBJECT: PALO VERDE NUCLEAR GENERATING STATION, UNITS 1, 2, AND 3 - NRC
SECURITY INSPECTION REPORT 05000528/2016201, 05000529/2016201,
05000530/2016201

Dear Mr. Edington:

On July 22, 2016, the U.S. Nuclear Regulatory Commission (NRC) completed a security inspection at your Palo Verde Nuclear Generating Station, Units 1, 2, and 3 (PVNGS). On July 28, 2016, the NRC inspectors discussed results of this inspection with Mr. Michael McLaughlin, Vice President, Site Support, and other members of your staff. The results of this inspection are documented in the enclosed inspection report.

NRC inspectors documented one finding of very low security significance (Green) in this report. This finding involved a violation of NRC requirements. The NRC is treating this violation as a non-cited violation (NCV) consistent with Section 2.3.2.a of the Enforcement Policy.

If you contest the violation or the significance of the NCV, you should provide a response within 30 days of the date of this inspection report, with the basis for your denial, to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington DC 20555-0001; with copies to the Regional Administrator, Region IV; the Director, Office of Nuclear Security and Incident Response; the Director, Office of Enforcement; and the NRC resident inspector at the Palo Verde Nuclear Generating Station, Units 1, 2, and 3.

One cross-cutting aspect was assigned to the finding in the area of Problem Identification and Resolution; Self-Assessment because PVNGS did not conduct self-critical assessments [P.6]. If you disagree with a cross-cutting aspect assignment or a finding not associated with a regulatory requirement in this report, you should provide a response within 30 days of the date of this inspection report, with the basis for your disagreement, to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555-0001; with copies to the Regional Administrator, Region IV; the Director, Office of Nuclear Security and Incident Response; and the NRC resident inspector at the Palo Verde Nuclear Generating Station, Units 1, 2, and 3.

<p>The enclosure transmitted herewith contains Safeguards Information. When separated from the enclosure, this transmittal document is decontrolled.</p>
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R. Edington

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This letter will be available for public inspection and copying at <http://www.nrc.gov/reading-rm/adams.html> and at the NRC Public Document Room in accordance with 10 CFR 2.390, "Public Inspections, Exemptions, Request for Withholding."

The enclosed report contains Safeguards Information as defined by 10 CFR 73.21, "Protection of Safeguards Information: Performance Requirements," and its disclosure to unauthorized individuals is prohibited by Section 147 of the Atomic Energy Act of 1954, as amended. Therefore, the material in the enclosed report will not be made publicly available. If you choose to provide a response that contains Safeguards Information, please provide the level of protection described in 10 CFR 73.21. Otherwise, if you choose to provide a response that contains Security-Related Information, please mark your entire response "Security-Related Information - Withhold from public disclosure under 10 CFR 2.390" in accordance with 10 CFR 2.390(d)(1) and follow the instructions for withholding in 10 CFR 2.390(b)(1). In accordance with 10CFR 2.390(b)(1)(ii), the NRC is waiving the affidavit requirements for your response.

Sincerely,

/RA/

Joseph Willis, Acting Chief
Security Performance Evaluation Branch
Division of Security Operations
Office of Nuclear Security and Incident Response

Docket Nos. 50-528, 50-529, 50-530
License Nos. NPF-41, NPF-51, NPF-74

Nonpublic Enclosure: Inspection Report 05000528/2016201, 05000529/206201, and
05000530/2016201
w/Attachment: Supplemental Information

cc w/ enclosure: M. Cosenza, Department Leader, Nuclear Security Programs

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